

NCIA Inquiry into the Future of Voluntary Services

Position paper on 'social enterprise', 'social investment' 'mutuals' and related initiatives – outline brief

Background and context

'Social enterprise' is the new must-have brand for voluntary agencies wanting to prosper under the Coalition government, indeed the whole sector has been re-branded as the VCSE – Voluntary, Community and Social Enterprise Sector. A trend begun under New Labour, social enterprise is presented as a happy marriage between doing *well* (as in business) and doing *good* (as in social action), between private profit and public good. But social enterprise does not invent a new way of doing business nor is it really a discussion about business at all.

It is a political and ideological instrument to push through the marketisation and financialisation of welfare, social support and other public services, and their concurrent privatisation – through private companies and corporate charities – with some hybrids occupying a space between the two.

In the margins, most genuine voluntary organisations are left to fend for themselves.

The real importance of the hybrid is to draw attention away from the main purposes of the policy intention. John Lister's "Teach Yourself Lansley", neatly summarised this by describing social enterprise thus: "Social enterprise: (oxymoronic noun) interim nonprofit private provider paving the way for proper private takeover". Simon Teasdale at the Third Sector Research Centre, for a recent ESRC seminar series, described the research agenda for social enterprise: "Though most academic work refers to the transformative potential of SE, empirical evidence supporting (or denying) such claims is notably absent. As a result, there are doubts over whether SE research depicts social reality or whether it merely mimics the politicised climate of which it is part."

Underpinning all of this is the Government's political agenda for the increasing use of private investment and private philanthropy. Leading this is Big Society Capital as an investment vehicle, driven especially by the assumption that for voluntary agencies to 'transform' themselves (especially in terms of size and scale) so that they can compete for large public services contracts, they will need major injections of capital. This is based on the concept of 'social investment' such as Social Impact Bonds and other devices to promote the involvement of private capital into social enterprises.

Alongside this is the drive to convince public sector workers to embark on service 'buy-outs', usually as a way of saving their own jobs. In this initiative the

government has hijacked the term 'mutual' in an attempt to maintain that floating off services in this way will somehow create a more democratic base for the new enterprise. Again this is a case of 'smoke and mirrors', there being little shape to the anticipated governance arrangements required for these organisations, let alone convincing evidence that they would provide improved or more responsive public services.

At the same time, the Government is – sometimes visibly but often by stealth – shifting the centrality of social enterprise and investment into the general narrative about the profile, character and role of social action. For example, in setting up Healthwatch, the replacement for LINKs projects, the government *required* the new bodies to be social enterprises and organised funding on the basis that these bodies would be standalone, self-sufficient organisations after the initial period of 'start up' public funding. It also took the opportunity to introduce a new and slacker definition of what a social enterprise is.

Lastly, it needs to be noted that the above ideas and initiatives slope off into the broader concept of 'corporate social responsibility', which is also being heavily promoted by the Government and its allies, as an antidote to the growing public perception of corporate greed.

Confusion dogs the whole issue, allowing many to identify themselves with social enterprise as a fashion accessory, with little substance, and encouraging others to join the bandwagon. Part of this confusion emanates from the fact that some forms of what is now generically described as social enterprise (workers or housing co-operatives, for example) have a long and respectable history in the annals of the Left. Here, worthy people and organisations find themselves corralled in an environment of which they are not a part and which they disdain.

The purpose of the piece of work

These developments need to form an important aspect of the NCIA Inquiry into the Future of Voluntary Services, as they are significant influences on the future profile of the sector and the policy environment that is likely to ensure beyond the next election (because there is general cross-party support for this direction of travel).

Drawing on academic and research material, Government policy and statements, and the writings of informed commentators, the purpose of this position paper is to provide:

- A description of the scene, its provenance and likely trajectory;
- An analysis and critique of the damaging effects of these policies and initiatives to the proper and positive role of voluntary services organisations;
- Pointers to further follow up work that may be required within the terms of the Inquiry, such as gathering information from key respondents;
- A means of stimulating a debate amongst NCIA supporters about effective strategies to promote positive forms of co-operative enterprise and to oppose negative and damaging ones;
- A contribution to the wider debate about the proper role of independent civil society groups in the 21st Century.

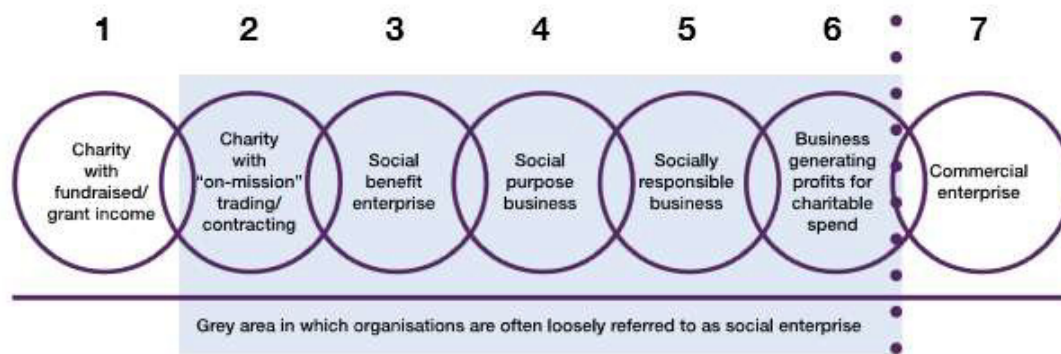
Possible areas for attention

The intention is that this piece of work will provide a broad and inclusive overview of the scene at an appropriate level of detail to allow the whole picture and the relationship of the parts to be seen. The following list is an initial attempt to indicate the scope of the paper.

- A guide to the different definitions of social enterprise (see fig. 1 for an example of this for social enterprise), social investment and 'mutuals' in use, their provenance and the implications of their use – unpicking the terms;
- A description of the different forms of social enterprise (cooperatives, credit unions, housing associations, community development trusts, social firms, community businesses etc.) within the current scene; and identification of the principles that can be drawn on to distinguish between those that can be supported and those that cannot – unpicking the activities;
- A description and critique of the policy framework and the underlying political/ideological assumptions both under the previous and current Government; also some commentary on the outcomes of previous specific initiatives to encourage 'enterprise' of this sort (e.g. Futurebuilders) – unpicking the politics;
- An account and commentary of the interest and influence of the private sector, especially the corporate private sector, in this area of public policy;
- An outline guide to the 2nd tier organisations that are active in this area, their political/ideological leanings and operational functions (e.g. Locality, Social Enterprise UK, Senscot, Big Society Capital, Social Investment Business);
- The internal effects on voluntary groups of participating in this realm of activity – for example attitudes towards workforce, pay levels, management styles, mission drift;
- The external effects on voluntary groups of participating in this realm of activity – for example competition, inter-agency collaboration, mergers and takeovers, relationships with funders;
- What do we do about it? Ideas and suggestions about appropriate radical responses to the environment described.

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Figure 1 **The financing spectrum**



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